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JUNE 23, 2006

VIA UPS

Ms. Stephanie Bell, Executive Director  
Kentucky Public Service Commission  
211 Sower Boulevard  
Frankfort, KY 40602

RECEIVED

JUN 26 2006

PUBLIC SERVICE  
COMMISSION

Re: *Informational Filing* Regarding a Change in Ownership of Authorized  
Telecommunications Providers

Dear Ms. Bell:

NOS Communications, Inc. ("NOS"), NOSVA Limited Partnership ("NOSVA") and Affinity Network Incorporated ("Affinity") (NOS, NOSVA and Affinity, collectively the "Parties"), by their counsel and pursuant to Admin Case Nos. 359 (6/21/96) and 370 (1/8/98), hereby respectfully advise the Public Service Commission ("Commission") of a proposed transfer of control of the Parties as a result of the acquisition of the shares of Robert A. Lichtenstein ("Mr. Lichtenstein"), the largest shareholder of the Parties, by another shareholder, Samuel P. Delug ("Mr. Delug"). The Parties are competitive carriers that provide local and long distance telecommunications services to business customers throughout the U.S., including in Kentucky. The Parties submit that the proposed transfer of control does not require prior Commission approval, and thus, this information is being submitted with the Commission for informational purposes only.

This change in control does not involve a transfer of operating authority, assets or customers, and therefore, will not affect the identity of the utilities authorized to provide telecommunications services in Kentucky. The Parties will continue to offer the same services at the same rates, terms and conditions as at present. Accordingly, the contemplated transfer of control will be entirely transparent to consumers. The only change will be that the Parties will be majority owned by Mr. Delug, rather than by Mr. Lichtenstein. The authorizations and operations of the companies will not be affected in Kentucky.

In support of this notification, the Parties provide the following information:

**The Parties**

**NOS.** NOS is a corporation organized under the laws of Maryland and headquartered at 4380 Boulder Highway, Las Vegas, NV 89121. NOS provides local and long distance services (including 1+, toll free, international, and calling card services) under the names International Plus, 011 Communications, INETBA, iVANTAGE Network Solutions, and Blueridge Telecom Systems to small and medium business customers throughout the U.S. NOS provides all of its services by reselling the services of other telecommunications carriers. In Kentucky, NOS is authorized to provide intrastate telecommunications services.<sup>1</sup> NOS is also authorized to provide both interstate and international telecommunications services by the Federal Communications Commission.

At present, all of the shares of NOS are held by three (3) individuals, all of whom are U.S. citizens: Mr. Delug, Ms. Rosette Delug (“Ms. Delug”), and Mr. Lichtenstein. Mr. Delug and Ms. Delug each hold a 25 percent ownership interest in NOS, while Mr. Lichtenstein holds the remaining 50 percent. The address of Mr. Delug, Ms. Delug, and Mr. Lichtenstein is c/o NOS Communications, Inc., 4380 Boulder Highway, Las Vegas, NV 89121. The principal business of Mr. Delug is telecommunications while the principal business of Ms. Delug and Mr. Lichtenstein is investment.

**NOSVA.** NOSVA is a limited partnership organized under the laws of Maryland and headquartered at 4380 Boulder Highway, Las Vegas, NV 89121. NOSVA provides local and long distance services (including 1+, toll free, international, and calling card services) to small and medium business customers throughout the U.S. NOSVA provides all of its services by reselling the services of other telecommunications carriers. In Kentucky, NOSVA is authorized to provide intrastate telecommunications services.<sup>2</sup> NOSVA is also authorized to provide both interstate and international telecommunications services by the Federal Communications Commission.

At present, NOSVA has three (3) limited partners, all of whom are U.S. citizens: Mr. Delug, Ms. Delug, and Mr. Lichtenstein. Mr. Delug and Ms. Delug each hold a 24.75 percent ownership interest in NOSVA, while Mr. Lichtenstein holds a 49.5 percent interest. NOS Communications of Virginia, Inc. (“NOS Virginia”) is the general partner of NOSVA and holds a one (1) percent ownership interest. NOS Virginia is a Virginia corporation that is a holding company; its address is c/o NOS Communications, 4380 Boulder Highway, Las Vegas, NV 89121. At present, Mr. Lichtenstein holds a 50 percent

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<sup>1</sup> NOS is authorized as a competitive local exchange telecommunications carrier (Utility ID 22213617) and as a resold interexchange telecommunications carrier (Utility ID 13617).

<sup>2</sup> NOSVA was granted authority as a resold interexchange telecommunications carrier in Docket No. 94-109 on April 27, 1994.

ownership interest in NOS Virginia, while Mr. Delug and Ms. Delug each hold a 25 percent ownership interest.

**Affinity.** Affinity is a corporation organized under the laws of California and headquartered at 3660 Wilshire Blvd., Suite 400, Los Angeles, CA 90010. Affinity provides local and long distance services (including 1+, toll free, international, and calling card services) under the names HorizonOne Communications, QuantumLink Communications, VoiP Communications, Optic Communications, and ANI Networks to small and medium business customers throughout the U.S. Affinity provides all of its services by reselling the services of other telecommunications carriers. In Kentucky, Affinity is authorized to provide intrastate telecommunications services.<sup>3</sup> Affinity is also authorized to provide both interstate and international telecommunications services by the Federal Communications Commission.

At present, all of the shares of Affinity are held by Mr. Delug, Ms. Delug, and Mr. Lichtenstein. Mr. Delug and Ms. Delug each hold a 25 percent ownership interest in Affinity, while Mr. Lichtenstein holds the remaining 50 percent.

A diagram showing the current corporate structure of the Parties is provided in *Exhibit A*.

### **Description of the Transaction**

Effective June 1, 2006, Mr. Delug and Mr. Lichtenstein entered into a Purchase Agreement pursuant to which Mr. Delug will purchase all the interest of Mr. Lichtenstein in the Applicants in return for a cash payment.<sup>4</sup> The Purchase Agreement provides that Mr. Delug and Mr. Lichtenstein will close in escrow and that consummation is conditioned upon receipt of all necessary regulatory approvals. Following consummation of the transactions described in the Purchase Agreement, Mr. Delug will hold a 75 percent ownership interest in NOS and a 75 percent ownership interest in Affinity, and over 74 percent of the ownership interest in NOSVA as a limited partner. Ms. Delug will continue to hold a 25 ownership interest in NOS and a 25 percent ownership interest in Affinity, and over 24 percent of the ownership interest in NOSVA as a limited partner. A diagram showing the corporate structure of the Applicants post-close is provided in *Exhibit B*.

The proposed transfer of control will be transparent to customers of the Parties. In particular, because the transaction is a stock transaction, the transfer of control will not result in a change of carrier for any of the Parties' customers. Immediately after consummation of transaction, the Parties will continue to offer the same services at the

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<sup>3</sup> Affinity was authorized as an interexchange telecommunications carrier in Docket No. 91-356 ( May 18, 1992).

<sup>4</sup> Mr. Delug will also purchase Mr. Lichtenstein's interest in NOS Virginia pursuant to the Purchase Agreement.

same rates, terms and conditions as at present, and any future changes will be made consistent with Commission requirements. The transaction is not expected to result in any discontinuance of service for any customer. Indeed, the Parties will continue to be backed by the same financial, managerial and technical qualifications that the Commission has already examined in approving the Parties' authorizations to provide service in Kentucky. The day-to-day operations of the Parties will not change as a result of this transaction.

**Public Interest Considerations**

The Parties respectfully submit that the transaction serves the public interest. After consummation of the proposed transfer, the Parties will continue to offer service under their same names and operating authorities as at present. The transaction involves no change in the entities offering service to customers, the facilities used to provide such services or the services, rates, terms and conditions of such service. All existing tariffs will remain in place. The transfer of control will be transparent to consumers and will not have any adverse impact on them; customers of the Parties will continue to use the same number to reach customer service. The only change will be in the majority shareholder of the Parties.

Furthermore, Mr. Lichtenstein has determined that continued participation as an investor in the Parties is no longer consistent with his investment objectives. Mr. Delug's purchase of Mr. Lichtenstein's ownership interests in the Parties will enable them to continue to participate in the highly competitive market for telecommunications services.

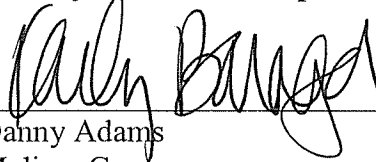
Finally, the proposed transaction will not have a negative impact on competition. The Parties are non-dominant carriers that will continue to compete with Verizon, at&t, and other carriers in the local and long distance markets for 1+, toll free, international, and calling card services. No existing or potential competitors will be eliminated as a result of the proposed transaction.

KELLEY DRYE & WARREN LLP

The Parties submit that no prior Commission approval is required for the proposed transfer of control described herein. Should the Commission believe that any action is required, the Parties respectfully request that the Commission notify the undersigned at its earliest convenience. Enclosed please find four (4) copies of this filing, a duplicate copy and a self-addressed, postage-paid envelope. Please date-stamp the envelope upon receipt and return it in the envelope provided. Should the Commission have any questions regarding this matter, please do not hesitate to contact Karly Baraga at (202) 342-8504.

Respectfully submitted,

**NOS Communications, Inc.**  
**NOSVA Limited Partnership**  
**Affinity Network Incorporated**



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Melissa Conway

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Their Counsel

**VERIFICATION**

I, Raymond A. Perea, am General Counsel of NOS Communications, Inc. and am authorized to represent it and its affiliates, and to make this verification on their behalf. The statements in the foregoing document relating to NOS Communications, Inc. and its affiliates, except as otherwise specifically attributed, are true and correct to the best of my knowledge and belief.

I declare under penalty of perjury that the foregoing is true and correct.

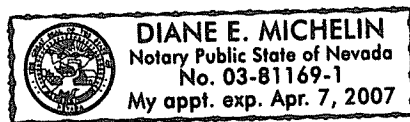


Raymond A. Perea  
General Counsel  
NOS Communications, Inc.

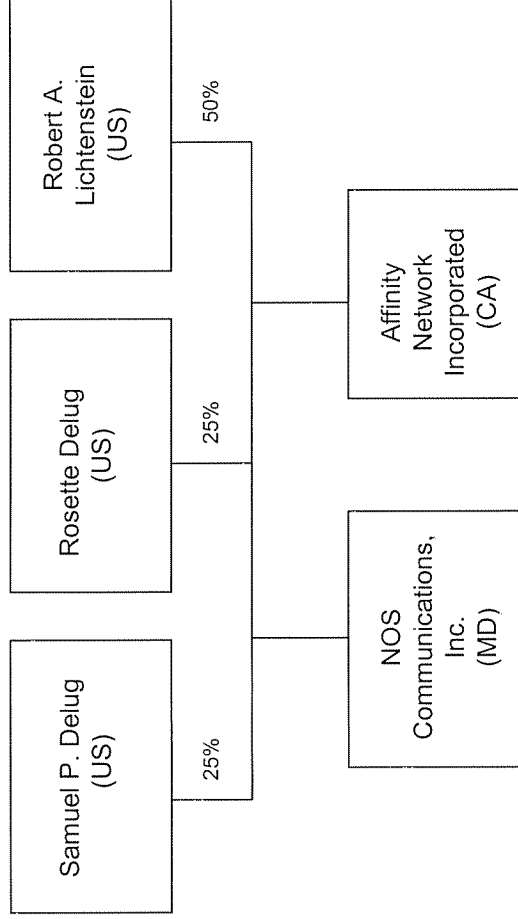
Subscribed and sworn to before me this 6th day of June 2006.

Diane E. Michelin  
Notary Public

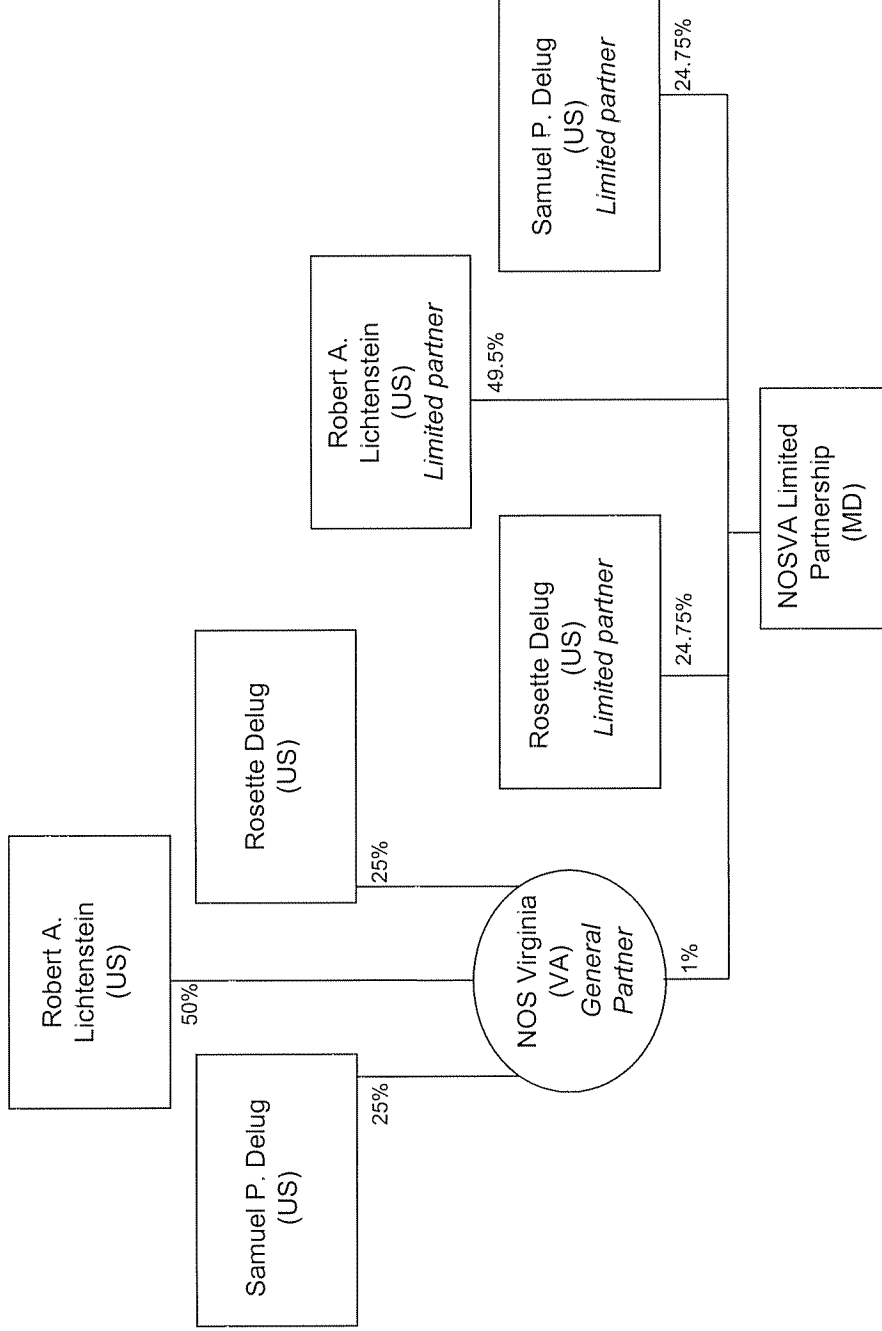
My Commission expires: 4.7.07



## Current Corporate Structure of NOS and Affinity

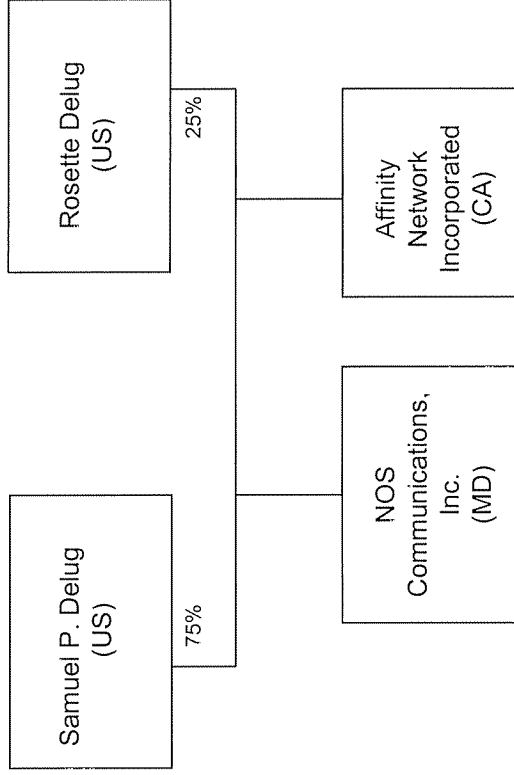


## Current Corporate Structure of NOSVA





# Proposed Corporate Structure of NOS and Affinity Post-Close



# Proposed Corporate Structure of NOSVA Post-Close

